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STADIS//////////////////////////////////
FOR AMBASSADOR FROM TODMAN

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: ARA WEEKLY HIGHLIGHTS.

1. SUMMARY: CONGRESS REMAINED A BIG ITEM FOR US. SENATOR CHARLES MATHIAS (R-MD) ADDRESSED THE ARA STAFF ON HIS RECENT VISIT TO BRAZIL AND MEXICO. THE HOUSE VOTED DOWN AN ADMINISTRATION SUPPORTED APPROACH TO HUMAN RIGHTS CRITERIA FOR IFI LOANS AS CONGRESSMAN HARKIN WON THE DAY. SOME IMPORTANT ARA PERSONNEL CHANGES WERE ANNOUNCED. ZERO BASED BUDGETING IS ON ITS WAY. PRESIDENT PEREZ OF VENEZUELA WILL VISIT THE U.S. IN JUNE. ARA WILL CO-SPONSOR A SERIES OF PANEL DISCUSSIONS ON INVESTMENT DISPUTES. THE PRESIDENT AND SECRETARY VANCE HAVE BEEN CLOSELY INVOLVED IN PREPARATIONS FOR THE PRESIDENT'S PAN AMERICAN DAY SPEECH AT THE OAS.
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2. MATHIAS REMARKS: MATHIAS SPOKE TO AN ARA STAFF MEETING. THE SESSION WAS THE LATEST IN A NEW SERIES OF MEETINGS WHICH ARE PART OF ARA'S DOMESTIC FORUM. ON MEXICO HE SAID THAT THE ILLEGAL ALIEN PROBLEM WILL NOT BE SOLVED BY BUILDING A "BERLIN WALL" ON THE BORDER. HE RECOMMENDED MULTILATERAL ECONOMIC ASSISTANCE TO

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IMPROVE THE MEXICAN ECONOMY AND DECREASE THE "PUSH" OF EMIGRATION.

ON BRAZIL MATHIAS SAID OUR CURRENT PROBLEMS ARE AFFECTED BY THE STYLE AS MUCH AS THE SUBSTANCE OF OUR APPROACH. HE SAID BRAZIL HAS A REAL NEED FOR ENERGY INDEPENDENCE AND DOES NOT VIEW US AS A DEPENDABLE SUPPLIER. WE HAVE NOT ADEQUATELY COMMUNICATED A SENSE OF OUR COMMON INVOLVEMENT IN THE SAME TYPE OF PROBLEM - ENERGY SHORTAGE. BRAZIL FEELS IT GETS TOO LITTLE OF OUR TIME AND INTEREST. MATHIAS SAID HE SENSED A POSITIVE MOVEMENT ON HUMAN RIGHTS IN BRAZIL--SIMILAR TO WHAT HE OBSERVED IN SPAIN TEN YEARS AGO. HE THOUGHT OUR HUMAN RIGHTS POLICY WAS BASICALLY SOUND BUT THAT WE SHOULD NOT PURSUE IT IN AN ACCUSATORY MANNER.

ON OTHER TOPICS MATHIAS SAID: HE WAS NOT OPTIMISTIC ON ANY INCREASE IN AID LEVELS; HIS CONSTITUENTS WERE TELLING HIM TO "KEEP" THE PANAMA CANAL; A BIG PROBLEM FOR IFI'S WAS THAT THEY HAVE NO DOMESTIC U.S. CONSTITUENCY.

HOUSE VOTE ON HUMAN RIGHTS AND IFI'S: THE HOUSE FACED TWO CHOICES ON HOW TO TIE HUMAN RIGHTS CONSIDERATIONS TO ALL IFIS. REP. REUSS OF WISCONSIN, WITH ADMINISTRATION BACKING, OFFERED A BILL WHICH WOULD HAVE LEFT CONSIDERABLE ROOM FOR MANUEVER IN OUR VOTES ON LOANS. THIS BILL CLEARED THE HOUSE BANKING COMMITTEE. BUT ON THE FLOOR OF THE HOUSE A GROUP LED BY REP. HARKIN OF IOWA AND REP. BADILLO OF N.Y. PROPOSED TO SUBSTITUTE
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HARKIN'S AMENDMENT FOR REUSS'S. HARKIN'S PROPOSAL

REQUIRES A "NO" VOTE BY THE U.S. ON IFI LOANS TO COUNTRIES CONSISTENTLY VIOLATING HUMAN RIGHTS. IT IS TOUGHER THAN REUSS'S BILL. HARKIN'S PROPOSAL WON. THE ADMINISTRATION WILL NOW CONCENTRATE ON A SENATE BILL PROPOSED BY HUBERT HUMPHREY WHICH, IN ESSENCE, REFLECTS REUSS'S POSITION. BUT THE MESSAGE IS THAT CONGRESS, SO FAR, MAY BE A BIT AHEAD OF THE ADMINISTRATION AND IS VERY SKEPTICAL ABOUT THE BUREAUCRACY'S COMMITMENT TO HUMAN RIGHTS.

3. ARA PERSONNEL CHANGES: JOE GRUNWALD LEAVES THIS WEEK TO RETURN TO THE BROOKINGS INSTITUTE. HE HAS DONE AN EXCELLENT JOB AND WILL BE MISSED. HIS REPLACEMENT AS ECONOMIC DEPUTY WILL BE DICK ARELLANO- DICK HEADS THE LATIN AMERICAN STUDIES DEPARTMENT AT THE UNIVERSITY OF NEW ORLEANS AND HAS A PHD. IN BUSINESS AND ECONOMICS. WADE MATTHEWS WILL BE MOVING FROM THE USOAS MISSION TO BECOME HEAD OF THE CENTRAL AMERICAN OFFICE. LUIGI EINAUDI

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HAS REPLACED DICK BARNEBEY AS DIRECTOR OF PPC.

4. ZERO-BASED BUDGETING (ZBB): THE BUREAU EXPECTS TO RECEIVE IN 7-10 DAYS ITS FIRST INSTRUCTIONS ABOUT ZBB.

WE WILL THEN BEGIN TO EXAMINE ALL OF OUR OPERATIONS TO SEE WHAT WOULD HAPPEN IF WE HAVE INCREASES OR DECREASES IN RESOURCES. MAY 17TH IS THE TARGET DATE FOR OUR INITIAL RESPONSE ON ZBB TO THE UNDER SECRETARY FOR MANAGEMENT.

5. PEREZ VISIT: THE WHITE HOUSE ANNOUNCED THAT PRESIDENT CARLOS ANDRES PEREZ WILL VISIT THE U.S. JUNE 29-30. THIS WILL BE THE SECOND OFFICIAL VISIT BY A LATIN AMERICAN HEAD OF STATE SINCE PRESIDENT CARTER'S INAUGURATION. THE VISIT SYMBOLIZES OUR INTEREST IN FURTHERING FRIENDLY RELATIONS WITH AN IMPORTANT DEMOCRACY
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IN THE HEMISPHERE.

6. INVESTMENT DISPUTE PANELS: ARA AND THE COUNCIL OF THE AMERICAS WILL CO-SPONSOR THREE ONE-DAY SEMINARS ON APRIL 19,20,22 ON THE POLITICAL AND LEGAL ASPECTS OF INVESTMENT DISPUTE SETTLEMENT. SEVERAL ATTORNEYS OF PROMINENT MULTINATIONAL CORPORATIONS WILL PARTICIPATE ALONG WITH FORMER ARA ASSISTANT SECRETARIES ROGERS AND

SHLAUDEMAN, AMBASSADOR DICK BLOOMFIELD, FORMER L BUREAU OFFICER FOR ARA DAVE GANTZ, AND FORMER DEPUTY SECRETARY CHARLES ROBINSON. THE SEMINARS, ONE EACH IN WASHINGTON, NEW YORK, AND CHICAGO, ARE TO BETTER INFORM MULTINATIONALS ABOUT THE REALITIES OF INVESTMENT DISPUTES IN THIS HEMISPHERE AND HOW TO FIND SOLUTIONS.

7. WE HAVE BEEN SPENDING SUBSTANTIAL TIME OVER THE PAST TWO WEEKS WORKING WITH THE WHITE HOUSE ON THE PRESIDENT'S SPEECH FOR PAN AMERICAN DAY, APRIL 14. HE WILL ADDRESS A LARGE CROWD ASSEMBLED IN THE OAS. AS YOU PROBABLY KNOW, THE SPEECH WILL ALSO BE BROADCAST LIVE, BY TELE-VISION AND RADIO, TO MOST OF THE HEMISPHERE. IN ADDITION TO CLEARING SUBSTANTIVE PROPOSALS FOR INTER-AMERICAN COOPERATION, WE HAVE MADE AN EFFORT TO GET THE RIGHT TONE IN THE SPEECH. WE HAVE NOT WANTED TO SEE REFERENCES TO THE "SPECIAL RELATIONSHIP," BUT NEITHER HAVE WE WANTED TO TREAT LATIN AMERICA, IMPLICITLY OR EXPLICITLY, AS JUST ANOTHER PART OF THE THIRD WORLD. THE VIEW WE HAVE TRIED TO REFLECT IN THE SPEECH IS THAT LATIN AMERICA IS CLOSE TO THE UNITED STATES AND EUROPE IN MANY WAYS, INCLUDING ECONOMICS AND IN TERMS OF VALUES. THE PRESIDENT

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HAS TAKEN A SERIOUS INTEREST IN THIS SPEECH-PERSONALLY
REVIEWING IT AND PRESENTING HIS VIEWS. SECRETARY VANCE
ALSO TOOK A CLOSE INTEREST, CHAIRING A MEETING IN THE
DEPARTMENT THIS WEEK TO REVIEW THE SPEECH.
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